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SUBJECT: BRAZIL -IAEA DEMARCHES ON BUDGET AND INTERNATIONAL NUCLEAR
FUEL BANK DELIVERED; NON-COMMITTAL RESPONSE

REF: A) STATE 57105, B) STATE 57093

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¶1. (SBU) On June 4, Post delivered the two demarches and provided the referenced non-papers in REFTELS concerning the June 15-19 meeting of the Board of Governors (BOG) of the International Atomic Energy Agency (IAEA) to the Ministry of External Relations' (MRE) Division of Disarmament and Sensitive Technologies (DDS) Director Santiago Mourao and Deputy Director Fabio Antibus.

¶2. (SBU) Per REFTEL A, Environment, Science & Technology, and Health (ESTH) Counselor emphasized the importance of providing the IAEA sufficient resources to do its work, which means a significant real increase in the budget. Further, ESTH Counselor stressed the value of moving the currently voluntarily funded nuclear security activity into the regular budget. The Brazilians appreciated receiving the information, but were non-committal. Antibus did comment that the MRE wanted to "minimize the increase" in the IAEA budget. He pointed to the struggle within the MRE and then with the Finance Ministry to obtain increases for the budgets of international organizations.

¶3. (SBU) Per REFTEL B, the ESTH Counselor voiced the USG's and others' support for the establishment of multilateral nuclear fuel assurances under the auspices of the IAEA. In addition, he urged Brazil to support a full and open discussion of the topic at the June BOG meeting. Here too the Brazilians thanked the USG for the information, but were non-committal.

¶4. (SBU) Post will relay any response, questions or comments received from the Brazilians concerning these two demarches before their delegation leaves for the June BOG.

SOBEL